

Every year the Arizona Construction Contractors Board processes 4,000 to 5,000 claims against contractors. Many of these claims could have been avoided by following a few simple guidelines.

1. Only take construction jobs you know how to do. If the job is outside your area of expertise walk away from it.

2. Pay attention to your gut instincts. If after you talk to the customer and you look at the job you have that nagging doubt in the back of your head (this job is going to be more trouble than it's worth) walk away from it. Use foresight rather than hindsight.

3. Start with a clear understanding of the scope and quality of work to be performed and what your customer's expectations are.

1. Spend time talking to the customer and going over all the details of the job. Do not leave anything to chance. Make sure you and the customer have a clear understanding of material that will be used, time frames to complete the project, who is actually going to do the work, apply for permits etc. Get a complete meeting of the minds.

2. Don't perform work for customers with whom you simply cannot communicate. Some jobs are better left for your competitors.

3. Don't avoid conversations about potential problems at the risk of losing the job. It will cost you less money in the long run if you talk about these things up front.

4. Think twice before doing work for friends and family. A surprising number of claims are filed against contractors involving friends and family. Often time's relatives and friends expect more for less. If a dispute arises, you risk losing much more than money.

1. Use a written contractors contract. Get everything in writing!

2. Use drawings and specs. Have your customers sign them. The more complete your contract documents, the less likely you'll have a disagreement over what was agreed to.

3. If both sides agree that the contractor will do something other than standard construction practice, write it down. Have the client sign it off.

4. Specify who will do what and how disputes will be resolved.

5. Be sure an attorney reviews any contract you plan to use (including store-bought forms).

6. Put all change orders, no matter how small in writing. Make sure they are signed by both sides. During a conversation, if you agree to make a change, make notes and have your notes signed.

7. Leave a paper trail. Grab a pen and paper whenever you get a phone call. Take notes of any transaction with a customer. Keep a job journal. Every contact you have with your customer should be recorded, even phone calls. Make sure you date every conversation.

8. Stay Legal with the Construction Contractors Board.

1. Be sure to maintain an active CCB license and work in the right license category.

2. If you have employees, you must be licensed as non-exempt with the CCB.

3. Hand out the Consumer Notification form to all prospective residential customers.

4. Talk to your customers throughout the project. Maintain good communications. Return their phone calls. Although it may be easy to ignore a call from an angry customer, return it anyway. The problem will only get worse if you refuse to return their call.

5. Follow the manufacturer's instructions. There are many new technologies in building materials that involve very specific instructions on how to handle and install that material. Read the instructions and follow them.

6. Do what you agree to do. It's your duty to your customer to do exactly what you said you would do, even if you lose money. If you underbid a project you eat the additional cost. This will help you keep customers in the long run.

7. Make sure you add a good, healthy profit into your jobs. Cash flow is different from profit. A lot of the money coming in is owned to vendors and suppliers. You need to make sure you still make a profit after you pay for all the debts incurred during the project.

8. When you find a good sub-contractor stay with them. Make sure you follow the 14 points in hiring a sub-contractor.

9. Take out building permits in a timely manner. Understand what building departments require in plans and what causes delays. Do the work only after the permit has been issued. You do not want to spend money redoing a project to meet the current building requirements.

10. If your customer asks you to build without permits or to use materials that do not meet current code, walk away! You will not be shielded from claims or lawsuits because you did just what the customer wanted and they signed off on it. You could still end up paying for the cost of rebuilding the structure to code along with penalties that could be assessed by the Building Codes Division and the CCB.

11. Walk through the final product and do a signed punch list. Good contractors will see things a customer doesn't see and agree to fix them. This is a great way to maintain good relationships with your customers. If you are doing work for a husband and wife, ask that both attend the walk-through.

### **Bonus Tip 114**

If you made a mistake, admit it. The best advice I can give you, is for you to respond to all complaints. Offer compensation or repairs. Apologize, create a plan to correct the problem and do it. Turn a potential problem into a raving fan. A customer who recommends you to everyone they meet. This will make you a successful contractor.